IPO REVIEW

SJP Ultrasonics IPO

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- The company is engaged in providing end-to-end plastic joining and automation solutions to user industry segment.
- The company is operating in highly competitive and fragmented segment.
- Its order book stood at Rs. 21.19 cr. as of March 31, 2026.
- Based on its recent average financial data, the issue appears aggressively priced.
- There is no harm in skipping this pricey and dicey offer.

About the Company

SJP Ultrasonics Ltd. (SUL) is an end-to-end plastic joining and automation solution providers, offering specialized solutions mainly in the Automotive industry and industries related to Medical, Electrical, Electronics, Textile, FMCG, Toys, Gift & Stationery, Food & Packaging, Defence & Educational Institutes. Its expertise lies in technical innovation by manufacturing machinery, tools and automated processes for customers, offering targeted solutions in various industries. Owing to its customized offerings, the Company has curated the major revenue streams and business segments i.e., 1. Plastic joining solutions 2. Industrial automation 3. Laser technology solutions.

Over the years, it has designed a distinctive integrated procurement system, by developing association with international manufacturers engaged in manufacturing of ultrasonic plastic welding equipment. Through its association with renowned manufacturers, the company has the capabilities of coordinating and procuring Ultrasonic welding machines & Vibration welding machines for customers within the timeline prescribed.

Its long-standing association with international manufacturers helps it in unlocking key competencies to deliver the project from conceptualization to completion, increases cashflow within the Company and gives it control over the quality of the equipment that the company manufactures and supplies to customers. The Company ensures quality checks through in-process inspections carried out by line operators and supervisors, monitoring critical parameters, identification of deviations and timely corrections. To ensure quality management of equipment and materials procured, the purchase department conducts assessment of vendors at regular intervals and inspections of equipment and materials on receipt from such vendors. As of March 31, 2026, it had 64 purchase orders worth Rs. 21.19 cr. As of the said date, it had 84 employees on its payroll.

Issue Details / Capital History

The company is coming out with its maiden IPO of 3500000 equity shares of Rs. 10 each at a fixed price of Rs. 67 each to mobilize Rs. 23.45 cr. The minimum application to be made is for 4000 shares and in multiples of 2000 shares thereon, thereafter. The issue opens for subscription on September 30, 2026 and will close on October 05, 2026. The shares will be listed on BSE SME. The IPO constitute 27.05% of the post-IPO paid-up capital of the company. The company is spending Rs. 2.26 cr. for this IPO process, and from the net proceeds of the issue, the company will utilize Rs. 4.92 cr. for working capital, Rs. 13.22 cr. for capex on purchase of machineries, and Rs. 3.05 cr. for general corporate purposes.

The IPO is solely lead managed by Khandwala Securities Ltd., while Maashitla Securities Pvt. Ltd. is the registrar to the issue. Aftertrade Broking Pvt. Ltd. is a market maker. Khandwala Securities Ltd. is also a syndicate member.

The company has issued entire initial equity capital at par value. It has also issued bonus shares in the ratio of 4 for 1 in February 2026. The average cost of the acquisition of shares by the promoters is missing from the offer documents.

Post-IPO, company’s current paid-up equity capital of Rs. 9.44 cr. (9440000 equity shares) will stand enhanced to Rs. 12.94 cr. (12940000 equity shares). Based on the upper band of the IPO pricing, the company is looking for a market cap of Rs. 86.70cr.

Financial Performance

On the financial performance front, for the last three fiscals, the company has posted total income/ net profit, of Rs. 15.22 cr. / Rs. 3.40 cr. (FY24), Rs. 21.15 cr. / Rs. 4.17 cr. (FY25), Rs. 26.63 cr. / Rs. 5.24 cr. (FY26). The company posted steady growth in its top and bottom lines for the reported periods. Its contingent liability stood at Rs. 0.14 cr. as of March 31, 2026.

For the last three fiscals, the company has reported an average EPS of Rs. 6.06 and an average RoNW of 30.97%. The issue is priced at a P/BV of 3.15 based on its NAV of Rs. 21.28 per share as of March 31, 2026 , and at a P/BV of 1.99 based on its post-IPO NAV of Rs. 33.65 per share.

If we attribute FY26 earnings to its post-IPO fully diluted paid-up equity capital, then the asking price is at a P/E of 16.54, and based on FY25 earnings, the P/E stands at 20.81. The issue appears aggressively priced based on its recent average earnings.

The company has posted PAT Margins of 22.37% (FY24), 19.81% (FY25), 19.74% (FY26) and RoCE margins of 80.53%, 50.80%, 38.49%, respectively for referred periods.

Dividend Policy

The company has not paid any dividends for the reported periods of the offer document. It will adopt a prudent dividend policy, based on its financial performance and future prospects.

Comparison with Listed Peers

As per the offer document, the company has shown Rinco Ultrasonics India Pvt. Ltd., and Unique Circle Automation Pvt. Ltd. as its unlisted peers. This is a big surprise as an eyewash.

Merchant Banker's Track Record

This is the 9th mandate from Khandwala Securities, in the last three fiscals (including the ongoing one). Out of the last 8 listings, 5 opened at discount, 2 at par, and 1 listed with a premium of 87.21% to 10.87% on the listing date. The merchant banker has a poor track record.

Conclusion / Investment Strategy

SUL is engaged in providing end-to-end plastic joining and automation solutions to user industry segment. The company is operating in highly competitive and fragmented segment. Its order book stood at Rs. 21.19 cr. as of March 31, 2026. Based on its recent average financial data, the issue appears aggressively priced. Merchant Banker has a poor track record. There is no harm in skipping this pricey and dicey offer.

About Dilip Davda

Dilip Davda is a veteran financial journalist associated with the Indian stock market since 1978. He has been contributing to print and electronic media on capital markets, insurance, and finance since 1985. He is widely recognized for reviewing public issues and non-convertible debentures (NCDs) in the primary market, with a special emphasis on SME public issues.

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